

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 56th LEGISLATURE - REGULAR SESSION

CONFERENCE

Call to Order: By **CHAIRMAN CHARLES SWYSGOOD**, on April 15, 1999
at 12:05 P.M., in Room 104 Capitol.

ROLL CALL

Members Present:

Sen. Charles "Chuck" Swysgood, Chairman (R)
Sen. Mignon Waterman (D)
Sen. Bob Keenan (R)
Rep. John Cobb, Chairman (R)
Rep. Beverly Barnhart (D)
Rep. Betty Lou Kasten (R)

Members Excused: None.

Members Absent: None.

Staff Present: Lois Steinbeck, Legislative Services
Joanne Gunderson, Secretary

Please Note: These are summary minutes. Testimony and
discussion are paraphrased and condensed.

Committee Business Summary:

Hearing(s) & Date(s) Posted: HB 470, 4/14/1999
Executive Action: HB 470

FREE CONFERENCE COMMITTEE**HEARING ON HB 470****Opening Statement by Chairman:**

Sen. Swysgood called the Free Conference Committee hearing on HB 470 to order and stated the purpose was to resolve questions on the Senate amendments which were rejected by the House.

{Tape : 1; Side : A; Approx. Time Counter : 0 - 9}

Discussion:

Rep. Kasten stated that her initial reason for rejecting the Senate amendments was that the two amendments did not work well together as intended.

{Tape : 1; Side : A; Approx. Time Counter : 9 - 19}

Bob Anderson, Office of Budget Planning and Programs, explained further the reasons the amendments caused a conflict between sections of the bill. The current edition of the bill would reduce the appropriation to the department by \$1 million in fiscal year 1999. While there is wording in the amendment allocating those funds to another purpose, but essentially just reduces the funding to the department.

{Tape : 1; Side : A; Approx. Time Counter : 19 - 32}

Lois Steinbeck, Legislative Services, said when the bill was originally considered it reduced maintenance of effort from 80% to 77% they believed there was \$1.8 million freed up in fiscal year 1999 which could be spent in other ways. The \$1.8 million came from two factors. The first is the level appropriated by the last legislature was 83% and the second was that in July or 1997, after the legislature had adjourned, federal officials said the child care matching funds could be used as maintenance of effort. The department operated that way for two years until the 470 amendments caused the "Feds" to revise their instructions; i.e., child care matching funds cannot be used toward maintenance of effort. This brings into question how much is available in excess general fund appropriation in fiscal year 1999. She gave a brief summary and opinion on a budget analysis she had just received from the department.

{Tape : 1; Side : A; Approx. Time Counter : 32 - 80; Comments : Her conclusion was that there is potentially \$1 million available, but that leaves the department very little room for error in their budget projections.}

Hank Hudson, DPHHS, responded and stated the department's position that they do not have the \$1 million excess. They like the amendments the budget office proposed.

{Tape : 1; Side : A; Approx. Time Counter : 80 - 109}

Sen. Swysgood asked Hank Hudson what would have happened if the effective date of reducing the maintenance of effort would have been set for July 1 of the next biennium instead of immediately.

Hank Hudson replied that they would have spent at the statutory level of the maintenance of effort all the way through 1999. The department believes that amount that has been freed up by the bill is needed for the food stamp payback and for other things. If they had spent at the level of 83%, other parts of the department would have had reductions because they wouldn't have been able to generate in their own organization.

{Tape : 1; Side : A; Approx. Time Counter : 109 - 127}

Rep. Kasten reiterated that the language in the bill, with the amendments, doesn't work. She stated that she had another amendment drawn up that says in essence, that if there is money to revert to the state hospital.

{Tape : 1; Side : A; Approx. Time Counter : 127 - 145}

Rep. Cobb asked the department would object to adding the following wording, "The department shall not commit fiscal year 1999 general fund dollars after April 15, 1999 through the use of A accruals for goods and services to be received during 2000 and 2001." He explained this would guarantee the reversion to a designated expenditure.

{Tape : 1; Side : A; Approx. Time Counter : 145 - 160}

Hank Hudson said they would resist that idea because they do not know where the budget is going in 1999. He said A accruals are good management tools and to close the possibility of using that tool would give them the flexibility they need to meet changing demands.

{Tape : 1; Side : A; Approx. Time Counter : 160 - 176; Comments :

Rep. Cobb explained the logic behind his proposal. Hank Hudson acknowledged the priority of the state hospital and responded that they would move the money to fund any under funding at the state hospital before they did A accruals.}

Members of the committee and members of the department continued to discuss and clarify the amendment. **Rep. Cobb** modified the amendment to read that the first \$1 million would go to the state hospital prior to A accruals.

{Tape : 1; Side : A; Approx. Time Counter : 176 - 260}

Motion: Rep. Kasten moved that HB 470 BE AMENDED to accept the contingency language with the addition of no A accruals other than those they already have in process.

{Tape : 1; Side : A; Approx. Time Counter : 260 - 269}

Discussion:

Hank Hudson said they would not know whether the appropriation for the state hospital will be adequate until they are well into the next biennium. He questioned what access they would then have to the 1999 funds.

Lois Steinbeck said the way the executive would handle it is that it is language appropriation in HB 470 and as the year progresses OBPP can institute a language appropriation under this bill. They could delay as long as to April of next year and appropriate this money.

{Tape : 1; Side : A; Approx. Time Counter : 269 - 315}

Sen. Swysgood asked for clarification. **Bob Anderson** answered.

Sen. Swysgood stated that with the savings in the maintenance of effort, and with the potential for a short fall in the state hospital in the next biennium, the intent is to take the savings and apply it to the short fall without appropriating any new money.

{Tape : 1; Side : A; Approx. Time Counter : 315 - 333}

Rep. Kasten asked what would happen if the level of maintenance of effort were dropped to 75%. **Hank Hudson** responded that they would use the difference between 77% and 75% to help solve the child care problem in the next biennium.

{Tape : 1; Side : A; Approx. Time Counter : 333 - 360}

Lois Steinbeck followed up on Sen. Swysgood's comment. She said that the budget status is based on 77% and that if it were dropped to 75% the appropriation could be reduced \$400,000 and it would not impact the department because they had been planning on spending that money on the maintenance of effort. She explained that they have to spend maintenance of effort and it would not impact services.

{Tape : 1; Side : A; Approx. Time Counter : 360 - 396}

Sen. Waterman asked for clarification which was given by Lois Steinbeck. She said that this was a separate language appropriation and it is not available from HB 2, but from HB 470.

{Tape : 1; Side : A; Approx. Time Counter : 396 - 457; Comments : Rep. Kasten and members of OBPP further clarified.}

Sen. Swysgood restated the amendment: "For Fiscal Year 1999, if the Department of Public Health and Human Services has reversions, those reversions, up to \$1 million are appropriated during eh 2001 biennium to the department to be used for services at the Montana State Hospital." The language referring to it being inadequate or short. He restated that this language in HB 470 would take precedence over HB 2 and that if the department is going to revert anything up to \$1 million it would go directly to the state hospital budget.

{Tape : 1; Side : A; Approx. Time Counter : 457 - 489}

Lois Steinbeck suggested the committee might want to tighten the wording of the amendment by removing permissive language if they want the appropriation to be made and not left discretionary at all by saying "OBPP will establish an appropriation up to \$1 million."

{Tape : 1; Side : B; Approx. Time Counter : 0 - 12}

The committee discussed this concept and other options.

{Tape : 1; Side : B; Approx. Time Counter : 12 - 57}

Rep. Kasten moved to strike the first page (items 2 and 3) of the Senate amendments, keep the second page of the Senate amendments and adjust the title to reflect the changes and to adopt the contingency language in the amendments offered by OBPP appropriating up to \$1 million. The amount would be stated as "up to \$1 million to be reverted."

{Tape : 1; Side : B; Approx. Time Counter : 57 - 104}

Rep. Kasten questioned whether to drop the percentage of maintenance of effort from 77% to 75%. The committee agreed this would not be necessary.

{Tape : 1; Side : B; Approx. Time Counter : 104 - 111}

Vote: The motion carried unanimously.

ADJOURNMENT

Adjournment: 12:45 P.M.

SEN. CHARLES SWYSGOOD, Chairman

REP. JOHN COBB, Chairman

Joanne Gunderson, Secretary

CS/JC/jg

EXHIBIT (cch82hb0470aad)